

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 1
Education

MAJOR ACTION
REPORT

May 26, 2006

Senate Bill 1129
2006-07 Budget Bill

Members

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SUBCOMMITTEE No. 1

EDUCATION

Org Code

K-12

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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated an additional \$5.1 billion in Proposition 98 funding for K-12 education and community colleges above the 2005-06 budget. This brings total Proposition 98 funding to \$54.3 billion in 2006-07. This represents an increase of \$757 million above the Governor's January Budget to reflect higher than anticipated state revenues.
- Appropriated \$2.9 billion in one-time Proposition 98 funds in 2006-07 for K-12 education and community colleges, reflecting a \$2.1 billion increase in 2005-06 Proposition 98 funding resulting from significant new revenues, funds freed up from lower current year attendance, and other one-time funds. These funds will be programmed in the 2006-07 budget. Of these funds, \$2.5 billion is provided for K-12 education for the following major programs:
 - \$1.2 billion for one-time discretionary grants to school districts for school expenditures that may include deferred maintenance, music and arts, physical education, libraries, and classroom supplies.
 - \$959 million for prior year education mandate claims;
 - \$172 million for instructional materials (one-time funding balancer) for all students and an additional \$30 million for supplemental materials for English learners;
 - \$137 million for the Emergency Repair Program in schools in the lowest three deciles of the Academic Performance Index;
- Decreased funding for K-12 enrollment growth from 2005-06 levels by \$53.6 million in 2006-07. The Governor's May Revision estimates negative attendance growth of -0.26 percent. The May Revision reduces revenue limits by -0.26 percent and provides zero growth for most categorical programs. The Governor's January Budget estimated small, positive enrollment growth of 0.21 percent.
- Approved \$2.6 billion in cost-of-living adjustments (COLAs) for K-12 education programs, which provides a 5.92 percent COLA increase. The COLA rate grew to 5.92 percent at May Revision from the 5.18 percent proposed in the Governor's January Budget.
- Approved \$308.6 million to eliminate outstanding revenue limit deficit obligations for school districts and county offices of education. These obligations originated with revenue limit reductions in the 2003-04 budget.
- Approved \$300 million for equalization of school district revenue limits in 2006-07. Revenue limits provide general purpose funding for schools.

- Approved \$300 million to expand the Economic Impact Aid program that provides additional funding to school districts to assist economically disadvantaged students and students who are English learners.
- Appropriated an increase of approximately \$57 million as a set-aside for augmenting special education programs and services in 2006-07.
- Restores funding for annual mandate payments for K-12 education in 2006-07. The budget provides a total of \$163.6 million -- \$133.6 million in ongoing funds and \$30.0 million in Proposition 98 Reversion Account funds.
- Approved \$150 million in Music and Arts Block Grants for students in grades K-12. Funding may be used for a variety of purposes including hiring additional staff; purchasing new materials, books, supplies and equipment; and providing staff development.
- Approved \$100 million for School Enrichment Block Grants to K-12 schools to support teacher and administrator recruitment and retention.
- Approved \$75 million for additional school counselors to support middle and high school students.
- Continued \$100 million in funding for mental health related services proposed by the Governor. This continues \$69 million for AB 3632 services provided by county mental health agencies and \$31 million for pre-referral services for children and youth with exceptional needs.
- Provided \$70.5 million to support supplemental, intensive instruction for 11th and 12th graders in 2006-07 who have not yet passed the California High School Exit Exam.
- Increased state funding for school meals by \$38.7 million - approximately seven cents per meal -- in order to improve the quality of school breakfasts and lunches.
- Provided \$15 million for a limited-term, less intensive version of the California School Information Services (CSIS) program. This new program -- referred to as CSIS-light -- will assist districts that have not yet participated in CSIS with establishing the hardware, software and management processes necessary for a smooth transition to a statewide, longitudinal student data system. An additional \$15 million is also appropriated to provide ongoing incentive grants for the development of data needed for the longitudinal student data system.
- Sets-aside \$18 million for teaching reforms intended to increase the number of highly qualified teachers in public schools.
- Authorized \$15.6 million in expenditures for the K-12 High Speed Network in 2006-07 including \$4.0 million in Proposition 98 funding and \$11.6 million in revenues and existing reserves. Budget bill language was added to implement recommendations from a recent report by the Bureau of State Audits of the K-12 network. Budget control language establishes standards and reporting requirements relating to the audit for K-12 education and public higher education segments.

- Provided \$10 million to assist school districts in the development of plans for meeting their unfunded health benefits obligations.
- Continued to defer payments of approximately \$1.3 billion in Proposition 98 apportionment programs from one fiscal year to the next. This practice commenced with the 2002-03 budget as a method of meeting the state's budget shortfall without reducing school programs and services.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

Approved an augmentation of \$14 million for libraries. Of this amount, \$7 million is to compensate libraries for the costs they incur when making interlibrary loans and direct library loans to individuals who do not reside in their service area. The remaining \$7 million is for the Public Library Foundation, which supports basic library operations such as maintaining hours of operation, purchasing library materials, and operating services such as homework assistance and bookmobiles. With this action, the total appropriation level for the Public Library Foundation increases to \$21.4 million.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)

Approved operational funding for CPEC, as proposed by the Governor.

6440 UNIVERSITY OF CALIFORNIA

- Approved the Governor's higher education budget augmentation proposals, including:
 - \$41.6 million to grow student enrollments by 2.5 percent (using the existing marginal cost of instruction formula). With these funds, UC will enroll an additional 5,149 full-time equivalent students;
 - \$80.5 million to provide a 3 percent cost-of-living-adjustment (COLA);
 - Approved \$75 million to avert or "buy out" the proposed 8 percent fee increase for undergraduate students and 10 percent fee increase for graduate students;
 - Approved the continuation of \$750,000 for the Governor's Math and Science Teaching initiative, in order to enhance efforts to recruit math and science majors into the teaching profession.
- Restored \$17.3 million to support student academic preparation and outreach programs at the UC. State funds will be matched with \$12 million of university funds. Governor's proposal called for all state funding to be eliminated from these programs.
- Restored \$6 million in funding for research related to labor and employment; augmented by \$4 million, the amount of funding available for substance abuse research, and provided \$1 million for research related to obesity and diabetes.
- Provided \$963,000 for increased enrollments in master's degree programs in nursing and approved \$1 million in one-time funds to expand nursing programs, as proposed by the Governor.

- Adopted extensive reporting language related to UC compensation policies and practices.
- Shifted funding for one capital outlay project from lease-revenue bonds to the pending General Obligation bond; approved all other Capital Outlay projects as proposed by the Administration.

6610 CALIFORNIA STATE UNIVERSITY

- Approved the Governor's higher education budget augmentation proposals, including:
 - \$44.3 million to grow student enrollments by 2.5 percent (using the existing marginal cost of instruction formula). These funds will be used to support an additional 8,306 full-time equivalent students;
 - \$75.8 million to provide a 3 percent cost-of-living-adjustment (COLA);
 - Approved \$54.4 million to avert or "buy out" the proposed 8 percent fee increase for undergraduate students and 10 percent fee increase for graduate students;
 - Approved \$1.1 million to continue the Governor's Math and Science Teaching initiative, which enhances efforts to recruit math and science majors into the teaching profession.
- Restored \$7 million GF to backfill reductions to student academic preparation and retention programs, as proposed in the Governor's Budget.
- Provided an additional \$230,000 in support for the Center for California Studies and Capitol Fellow programs.
- Provided \$4 million (\$2 million on a one-time basis) to expand nursing program enrollments. Of this amount, \$1.7 million is to support students in accelerated entry-level master's degree programs and \$371,000 is to support 20 additional baccalaureate degree students in nursing.
- Approved all Capital Outlay projects as proposed by the Administration.

6870 CALIFORNIA COMMUNITY COLLEGES

- Approved \$102.6 million to support 2 percent enrollment growth.
- Rebench the funding level of enrollments at the community colleges to account for a lower-than-budgeted level of enrollment growth in the current year.
- Provided funding in excess of \$315 million to support a 5.92 percent cost-of-living-adjustment.
- Approved the Governor's Career-Technical Education proposal which provides \$50 million in ongoing funds to better align K-12 and community colleges career and vocational curriculum.
- Provided \$159.4 million for Equalization; funding is sufficient to equalize the funding levels for districts up to the 90th percentile.
- Augmented by \$30 million the amount of funding available for selected "gateway" noncredit courses.

- Increased ongoing funding for maintenance and instructional materials by \$26.8 million.
- Restored \$24 million in prior-year reductions to the matriculation program. Matriculation services include placement, academic counseling, and retention services.
- Approved \$4 million in ongoing mandate costs, as proposed by the Governor in the May Revision.
- Augmented the amount of funding available for the Economic Development program by \$15 million. Of this amount, \$8 million is available to provide training to workers in high growth, high demand employment sectors.
- Approved \$10 million to provide remedial instruction, through non credit education programs, for students failing to pass the California High School Exit Exam (CAHSEE).
- Restored \$9 million for services to CalWORKs students. Of this amount, \$8 million is to provide state support for workstudy program wages and \$1 million is to provide staff assistance to this unique student population.
- Provided \$1.5 million for a new nursing faculty recruitment and retention program, to be established pursuant to legislation.
- Augmented by \$8 million funding available to provide retention and attrition reduction services to nursing students.
- Approved a \$1 million augmentation to the Cal-PASS student data sharing system.
- Approved \$100 million in one-time prior-year Proposition 98 "settle up" dollars to provide a general purpose block grant to colleges.
- Provided \$93.9 million in one-time funds for deferred maintenance, hazardous materials abatement, and instructional equipment.
- Provided \$40 million in one-time funds for equipment and facility improvements related to career-technical education.
- Augmented by \$9 million in one-time funds the amount of state funding available for part-time faculty office hours and health insurance.
- Set-aside \$19.7 million in one-time funds to implement a new funding formula for community colleges.
- Set-aside \$30 million to address fiscal solvency issues at the Compton Community College District.
- Held student fees constant at \$26 per unit.
- Continued to defer \$200 million worth of general apportionment expenditures from June 2007 to July of 2007.

7980 CALIFORNIA STUDENT AID COMMISSION

- Approved Governor's proposal to increase the Cal Grant award amount for students attending private colleges and universities from the current annual level of \$8,322 to \$9,708.
- Approved base budget decreases of approximately \$14 million to account for caseload and population changes expected for the Cal Grant entitlement program in both the current year and the upcoming fiscal year.
- Approved the Governor's proposal to fund 100 new National Guard Assumption Program of Loans for Education (APLE) loan assumption warrants.
- Approved the Governor's proposal to set aside 600 APLE loan assumption warrants for the exclusive use of UC and CSU to support students participating in their Math and Science Teacher Initiative. Increased the total number of APLE loan assumption warrants available to 8,600 to account for the use of 600 warrants for this purpose.
- Approved the ongoing issuance of 100 new loan assumption warrants for the State Nursing (SN)-APLE program to encourage students to obtain degrees in nursing and then return to the classroom as nursing faculty. The Administration indicated it believed the program was one-time in nature.
- Approved 40 new loan assumption warrants tied to the development, pursuant to legislation, of a new loan assumption program to encourage individuals to become nurses and practice in state-run facilities.
- Approved 100 new loan assumption warrants for the Public Interest Attorney Loan Repayment Program. This program has already been statutorily established, but failed to receive funding or authority to become operational.